EXHIBIT 4
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January 21, 2009

Mr. David L. Senn
Executive Director
Teachers' Retirement System
State of Montana
1500 Sixth Avenue
Helena, MT 59620-0139

Re: Return to Work Proposal

Dear Dave:

The purpose of this letter is to estimate the cost of a specific return to work proposal. Given the provisions in this proposal our best estimate is that the cost, if any, would not be material and round to less than 0.01% of pay.

Return to work proposals are very sensitive to specific provisions. Any change in the provisions stated below could have a major impact on potential costs. However, there is one change we recommend. Currently the provisions only require a two month break in service. We recommend this be changed to a longer period, preferably at least 12 months. This will help reduce the potential for expensive changes in retirement behavior. As an example, a member who knows their position is difficult to fill might retire at the end of the school year while planning to come back at the beginning of the next school year and draw both full pay and a full retirement check. There is nothing in the current proposal to prevent this.

Provisions

We understand the provisions of the proposal to be as follows. Specific members would be eligible to be employed on a full time basis by an employer without the loss or interruption of any payment in their retirement benefits, subject to the following conditions:

- The member has been separated from service for two months.
- The member completed 30 or more years of service before retirement.
- The position was advertised and the employer was unable to fill it with a qualified non-retired teacher. In addition, the position will be advertised in each future year.
- TRS would continue to collect full employee and employer contributions as a percent of these retirees' salaries.

- Retirees working under this provision would not have any increase to their benefits due to service or salary while working under this arrangement. The only cause for future increases in those monthly benefits would be the GABA.
- The maximum number of years a retiree could be reemployed in a full-time position during their lifetime would be three years.
- The proposal includes a sunset date of July 1, 2015.

Background

Return to work programs can increase costs by encouraging members to retire earlier. When benefits start earlier, they are paid over a longer period of time and there is less time for investment earnings to accumulate. The ultimate cost of this proposal will depend on whether the cost of funding benefits starting earlier is balanced by contributions for retirees who would not have been working without this provision.

Regardless of whether there is an ultimate cost to the proposal, we anticipate the cost would not be material. When a similar temporary proposal was adopted for the three years ending June 30, 2006, six retirees returned to work under the legislation and only three of those six actually exceeded their maximum allowable earnings under the current law. The only significant difference in that proposal was that it required the member to be retired for 12 months. Based on this experience our best estimate is that the cost, if any, associated with this proposal would not be material and would round to less than 0.01% of pay. Nevertheless a sunset date is an important part of any return to work proposal since it leaves the State a viable alternative if future experience is different than expected.

The ultimate costs of return to work programs are heavily dependent on how the programs change active and retired members' behavior. It is not possible ahead of time to know how active and retired members will respond. It is also extremely difficult to accurately track the ultimate cost impact of this type of provision based on experience. This is because it is impossible to exactly determine the portion of changes in future member behavior that are due to the return to work provision as opposed to the portion of changes in future member behavior that are due to other factors such as the economy and changes in the health of future members.

Data, Methods and Assumptions

Except where noted elsewhere in this letter, we have developed this analysis based on the data, methods, assumptions and plan provisions contained in the actuarial valuation of the System performed as of July 1, 2008. No gains or losses from asset or liability experience after that date are included. We also assumed this is the only statutory amendment being considered. If other provisions are enacted, the actuarial cost impact associated with this amendment may be different.

Certification

These cost estimates are subject to the uncertainties of a regular actuarial valuation; the costs are inexact because they are based on assumptions that are themselves necessarily inexact, even though we consider them reasonable. Thus, the emerging costs may vary from those presented in this letter to the extent actual experience differs from that projected by the actuarial assumptions.

We have not explored any legal issues with respect to the proposed plan changes. We are not attorneys and cannot give legal advice on such issues. We suggest that you review this proposal with counsel.

Milliman's work product was prepared exclusively for TRS for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning TRS operations, and uses TRS data, which Milliman has not audited. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this analysis is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board (ASB) and the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries.

We further certify that all costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the System.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

I, Mark C. Olleman, am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

If you have any questions, please call.

Sincerely,

Mark C Olleman

Mark C. Olleman, FSA, EA, MAAA
Consulting Actuary

MCO/trs

cc: Mr. Craig Glyde